

## Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SS-20 USIA-15 IO-14 /174 R

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P 270047Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L STATE 213236

E.O. 11652: GDS

TAGS: EIMV, AR, US

SUBJECT: SITUATION OF AMERICAN COMPANIES IN ARGENTINA

REFERENCES: BUENOS AIRES 6985; BUENOS AIRES 6905

FOR THE AMBASSADOR

1. FROM EMBASSY REPORTS AND DIRECT APPROACHES TO DEPARTMENT BY COMPANY REPRESENTATIVES, WE ARE AWARE THAT A NUMBER OF AMERICAN COMPANIES OR COMPANIES HAVING SIGNIFICANT AMERICAN PARTICIPATION ARE NOW CONFRONTING SERIOUS PROBLEMS IN ARGENTINA. THESE PROBLEMS AFFECT THEIR OPERATIONS, AND IN SOME CASES EVEN THEIR CONTINUED PRESENCE IN ARGENTINA. THE NATURE OF THE DIFFICULTIES THESE COMPANIES FACE IS VARIED. IN SOME CASES GOA POLICIES ARE CAUSING SEVERE LOSSES TO THE COMPANIES; IN OTHER CASES SIMPLE CRIMINAL EXTORTION APPEARS TO BE THE

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ROOT OF THE COMPANIES' PROBLEMS. IN STILL OTHER CASES

SUCH AS THOSE INVOLVING EXXON, CITIES SERVICE, STANDARD ELECTRIC AND DELTEC IT APPEARS THAT THE GOA IN ATTAINMENT OF NATIONAL POLICY GOALS SEEKS TO NATIONALIZE CERTAIN FOREIGN COMPANY OPERATIONS IN ARGENTINA.

2. WE ARE AWARE THAT SUCH PROBLEMS ARE NOT CONFINED TO

U.S. COMPANIES ALONE AND THAT FRENCH, GERMAN, ITALIAN, AND BRITISH FIRMS ALSO FACE PROBLEMS SERIOUSLY AFFECTING THEIR FUTURE IN ARGENTINA. THE DETERIORATING OVER-ALL SECURITY SITUATION IN ARGENTINA IN WHICH FOREIGN BUSINESS OPERATIONS ARE A SPECIAL TARGET IS YET ANOTHER SIGNIFICANT FACTOR AFFECTING U.S. COMPANIES.

3. WE BELIEVE THAT THE TIME HAS COME FOR YOU OFFICIALLY TO MAKE KNOWN TO THE ARGENTINE GOVERNMENT OUR CONCERN OVER THESE DEVELOPMENTS. WE ARE TROUBLED BY THEIR IMPLICATIONS FOR THE FUTURE OF OUR BILATERAL RELATIONS AS WELL AS THE INEVITABLE EFFECT SUCH PROBLEMS WILL HAVE OR ARE HAVING ON THE FLOW OF FOREIGN INVESTMENT AND TECHNOLOGY AND ARGENTINA'S DEVELOPMENT.

4. UNLESS YOU PERCEIVE OVERRIDING OBJECTIONS YOU ARE THEREFORE INSTRUCTED TO DISCUSS THIS SITUATION WITH THE GOA AT A LEVEL AND WITH THE TIMING WHICH YOU DETERMINE MOST EFFECTIVE.

5. IN YOUR APPROACH YOU SHOULD STATE THAT THE USG FULLY UNDERSTANDS THAT IT IS FOR ARGENTINA ALONE TO DETERMINE HOW IT CHOOSES TO REGULATE FOREIGN BUSINESS ACTIVITIES WITHIN ARGENTINA. IT SHOULD ALSO BE MADE CLEAR THAT THE USG DOES NOT WISH TO BE DRAWN INTO DISCUSSIONS OF THE RELATIVE MERITS OF THE CONTENDING POSITIONS IN THE VARIOUS OUTSTANDING CASES INVOLVING U.S. COMPANIES. NEVERTHELESS WITHIN RECENT WEEKS THE USG HAS BEEN MADE AWARE OF A NUMBER OF SITUATIONS IN WHICH SUBSTANTIAL INTERESTS OF U.S. CITIZENS ARE BEING ADVERSELY AFFECTED OR THREATENED. THE STANDARD, EXXON AND CITIES SERVICE CASES CURRENTLY APPEAR TO BE MOST PRESSING. YOU ARE AUTHORIZED TO CITE THESE CASES SPECIFICALLY IF YOU CONFIDENTIAL

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SIDER POSITIVE RESULTS WOULD FOLLOW. IF DURING YOUR DISCUSSIONS IT IS CLEAR THAT THE GOA HAS DETERMINED THAT IT IS IN ITS BEST INTERESTS TO NATIONALIZE U.S. PROPERTIES IT IS IMPORTANT THAT THE GOA UNDERSTAND THAT THE USG EXPECTS THE GOA TO FOLLOW GENERALLY ACCEPTED PRINCIPLES OF INTERNATIONAL LAW REGARDING COMPENSATION.

6. DEPARTMENT INTERESTED IN BEING APPRISED OF ACTIONS

BEING TAKEN BY OTHER FOREIGN DIPLOMATIC MISSIONS IN  
BUENOS AIRES IN FACE SIMILAR PROBLEMS. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, FOREIGN INVESTMENTS, BUSINESS FIRMS, INDUSTRIAL CONTROLS, BUSINESS LOSSES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SITUATION OF AMERICAN COMPANIES IN ARGENTINA  
**TAGS:** EINV, AR, US  
**To:** BUENOS AIRES  
**Type:** TE  
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